

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 AF-10 EA-10 EUR-12 NEA-11 /167 W

-----070745 111513Z /45

R 111307Z MAY 78

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6424

USMISSION GENEVA

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USMTN

E.O. 11652: N/A

TAGS: MTN, ETRD, UY

SUBJECT: URUGUAYAN PARTICIPATION IN MTN

1. SUMMARY: CONSULTATIONS HELD WITH GOU MTN WORKING GROUP MAY 9 PROVIDED FULL OPPORTUNITY FOR EB/OT/GCP DEPUTY DIRECTOR BAAS TO PRESENT U.S. VIEWS ON MTN, REVIEW CODE NEGOTIATIONS, AND BRIEFLY COVER U.S. TARIFF OFFERS AND REQUESTS. GOU PARTICIPANTS WERE CLARLY INTERESTED AND APPRECIATIVE, BUT GENERAL VIEW IS THAT URUGUAY'S PRINCIPAL INTEREST IS WITH EC ON AGRICULTURAL NTMS LITTLE LIKELY TO BE LIBERALIZED AND U.S. OFFER PRESENTS SMALL ALTHOUGH INTERESTING BENEFITS. OCCASION WAS TAKEN TO STATE THAT TARIFF BENEFITS LIKELY TO SUFFER FROM TEXTILE CVD CASE OUTCOME, BUT BAAS COUNTERED BY EMPHASIZING RESULTANT SUBSIDIES/CVD CODE IMPORTANCE. GOU PRESENTATION OF MTN OFFERS AND RESPONSES STILL SOME TIME OFF. END SUMMARY.

2. ON MAY 8, CONSULTATIONS HELD WITH GOU MTN GROUP.

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CONSULTATIONS, WHILE BREAKING NO NEW GROUND, ALLOWED COMPLETE AND USEFUL DISCUSSION OF: A) US OFFER AND ITS BENEFITS TO URUGUAY, B) US REQUESTS OF URUGUAY, AND C) VARIOUS NTM CODES.

3. REGARDING US OFFER, GOU GROUP EXPRESSED SPECIAL INTEREST IN TSUS 307.50, TOPS OF WOOL, 336.60 WOOL WOVEN

FABRIC, 382.6315 AND 382.6320, WOMEN'S AND GIRL'S WOOL COATS, AND ALL TEXTILE (ESPECIALLY WOOL) ITEMS GENERALLY, EVEN WHERE TRADE WAS SMALL. HOWEVER, GOU GROUP OBVIOUSLY WORRIED ABOUT PENDING COUNTERVAILING DUTY ACTIONS ON VARIOUS TEXTILES, AND ARGUED THAT TARIFF REDUCTION WOULD MAKE LITTLE DIFFERENCE IF CVDS INITIATED. U.S. SIDE (BAAS) ARGUED THAT CVDS AND MTN TARIFF REDUCTIONS ARE SEPARATE ISSUES, THAT IN US LAW CVDS WERE REQUIRED IN THOSE CASES WHERE IT WAS DETERMINED THAT THERE WERE SUBSIDIES; THAT SINCE CVDS WERE ADDED TO EXISTING TARIFF, URUGUAY WOULD BE BETTER OFF IF CVDS ADDED TO A TARIFF THAT HD BEEN REDUCED IN MTN RATHER THAN (HIGHER) PRESENT TARIFF; AND THAT SUBSIDIES/CVDS WERE ONE OF ISSUES BEING COVERED IN NTM CODE NEGOTIATIONS (SEE BELOW).

4. DISCUSSION OF US REQUESTS RESULTED IN NO COMMITMENTS FROM GOU GROUP, BUT THEY INDICATED THAT THEY WOULD BE STUDYING THESE CLOSELY AND RESPONDING IN GENEVA. ON ONE IEM, LIVE CATTLE WITH PEDIGREE, WHERE U.S. REQUESTED REDUCTION FROM 12 PERCENT TO 6 PERCENT, GOU GROUP STATED THAT TARIFF HAS RECENTLY BEEN REDUCED TO ZERO. U.S. SIDE STILL INDICATED INTEREST IN BINDING FOR THIS ITEM. COMMENTS FROM GOU WORKING GROUP INDICATED THAT OUR MOST DIFFICULT REQUEST WILL BE ELIMINATION OF EXPORT REQUIREMENT ON ASSEMBLY OF MOTOR LIMITED OFFICIAL USE

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VEHICLES AND PRODUCTION OF AUTO PARTS, ELIMINATION OF CONSULAR DUTIES, AND ELIMINATION OF EXPORT EMBARGO ON LEATHER AND SKINS.

5. U.S. SIDE GAVE BRIEF EXPLANATION OF VARIOUS CODES, AND STRESSED THAT USG HOPED THAT GOU AND OTHER LDCS WOULD PARTICIPATE ACTIVELY IN NEGOTIATIONS AND JOIN CODES AT END OF MTN. CODE OF MOST INTEREST TO GOU IS CLEARLY SUBSIDIES/CVDS, EXPLANATION OF WHICH THEY FOLLOWED WITH GREAT INTEREST. GOU GROUP EXPRESSED SPECIAL INTEREST IN POSSIBILITY THAT DEPENDING ON HOW CODE NEGOTIATION TURNS OUT, USG MIGHT ADOPT INJURY PROVISION VIS-A-VIS LDC SUBSIDIES, AND THAT PRESENT CVD LAW WITHOUT INJURY PROVISION MIGHT CONTINUE TO APPLY FOR NON-MEMBERS OF CODE. GOU ALSO EXPRESSED SPECIAL INTEREST IN STANDARDS CODE.

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STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 AF-10 EA-10 EUR-12 NEA-11 /167 W

-----070553 111514Z /45

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6. COMMENT: WHILE CONSULTATIONS SOLICITED NO GOU COMMITMENT TO MAKE POSITIVE RESPONSE TO US OFFER, MEETING DID FOCUS RECENTLY-FORMED GOU MTN GROUP'S ATTENTION MORE SPECIFICALLY ON JULY 15 TARGET FOR SUBSTANTIAL COMPLETION OF MTN ON U.S. OFFERS AND REQUESTS AND ON NTM CODES. GOU MTN GROUP CLEARLY WAS AWARE OF GENERAL MTN ISSUES BECAUSE OF REPORTS FROM ITS GENEVA DELEGATION AND DISCUSSIONS WITH EMBOFFS, AND HAD RECEIVED COPY OF U.S. REQUESTS FROM GENEVA. HOWEVER, ACTUAL WORK DONE ON THESE REQUESTS MINIMAL, AS MOST OF GROUP'S ATTENTION SO FAR FOCUSED ON EEC AGRICULTURAL OFFER (WHICH GOU GROUP CHARACTERIZED AS MEZAGER). WHILE GOU EXPRESSED INTEREST IN MANY ITEMS IN U.S. OFFER, THEY ARE AWARE THAT U.S. OFFER DOES NOT INCLUDE SEVERAL IMPORTANT ITEMS IN WHICH THEY ARE INTERESTED WHICH ARE EITHER MANDATORY OR ECONOMIC EXCEPTIONS (E.G., SHOES, LEATHER HANDBAGS, SOME TEXTILES). THIS, WHILE SOME RESPONSE TO U.S. REQUESTS MAY BE FORTHCOMING FROM GOU IN GENEVA, IT IS UNLIKELY TO RESPOND TO MOT DIFFICULT OF OUR

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REQUESTS. GOU INTEREST IN CODES, ESPECIALLY SUBSIDIES/ CVDS MAY LEAD TO MORE ACTIVE PARTICIPATION IN GENEVA ON CODE NEGOTIATIONS. IT APPEARS LIKELY THAT GOU WILL

SERIOUSLY CONSIDER JOINING VARIOUS CODES, AND WILL
PROBABLY ULTIMATELY JOIN AT LEAST SOME OF THEM (E.G.,
SUBSIDIES/CVDS, STANDARDS) ALTHOUGH IT WILL BE NECESS-
ARY TO CONTINUALLY REMIND THEM IN NEXT FEW WEEKS OF
IMPORTANT EFFECT THAT NTMS HAVE ON THEIR TRADE, AND
VALUE OF CODES IN INCREASING INTERNATIONAL DISCIPLINE
OVER USE OF SUCH NTMS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, MEETING DELEGATIONS, MULTINATIONAL CORPORATIONS, PROGRAM COORDINATION
Control Number: n/a
Copy: SINGLE
Draft Date: 11 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MONTEV01553
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780200-0490
Format: TEL
From: MONTEVIDEO MTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780569/aaaacgxc.tel
Line Count: 178
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 521a8ea0-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2721440
Secure: OPEN
Status: NATIVE
Subject: URUGUAYAN PARTICIPATION IN MTN
TAGS: ETRD, UY, US, MTN
To: STATE GENEVA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/521a8ea0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014